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FISCAL IMPACT STATEMENT

LS 6973

BILL NUMBER: HB 1155

NOTE PREPARED: Jan 3, 2012

BILL AMENDED:

SUBJECT: Charity Gaming.

FIRST AUTHOR: Rep. Messmer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill prohibits the Indiana Gaming Commission (IGC) from adopting rules after June 30, 2012, that impose requirements not specified by statute. It establishes an annual comprehensive charity gaming license for national organizations and foundations meeting certain eligibility requirements. It permits the Indiana affiliates of a national organization or foundation to conduct charity gaming events under a single annual comprehensive charity gaming license. It prescribes the following: (1) Who may serve as an operator or worker under the license. (2) The procedural requirements for obtaining the license. (3) The requirements for conducting particular events. (4) When a worker may purchase a raffle ticket at a raffle event conducted under the license. (5) Limits on the frequency of certain events. (6) The method of determining an organization's initial license fee. (7) The method of determining an organization's license renewal fee. It reduces from five years to three years the time an organization must exist in Indiana before becoming eligible to obtain a charity gaming license. It also provides that the initial license fee for a charity gaming license is \$50 for licenses other than the annual comprehensive charity gaming license. (Current law grants the IGC discretion to establish the initial license fee at an amount that may not exceed \$50, which is the amount the IGC has selected.)

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Summary* - The bill establishes an annual comprehensive charity gaming license for Indiana affiliates of certain national organizations or national foundations (see definitions below) to conduct charity gaming events. The impact on the Indiana Gaming Commission (IGC) of administering the new license is unknown. However, any additional cost to the IGC due to this bill would be paid with revenue from the charity gaming excise tax and the charity gaming license fee.

Background Information - In FY 2011, the charity gaming excise tax generated about \$1.3 M and the charity gaming license fee generated about \$4.3 M. Revenue from these sources is distributed to the Charity Gaming Enforcement Fund. After (1) the costs of charity gaming administration are subtracted and (2) distributions are made to the License Control Division and the Gaming Control Division, revenue remaining in the Fund is distributed quarterly to the Build Indiana Fund.

Explanation of State Revenues: Summary - The bill establishes the annual comprehensive charity gaming license for certain organizations and reduces the requirement for an organization to have existed in Indiana before obtaining a charity gaming license. These two changes could potentially lead to an increase in charity gaming licenses being issued by the IGC. If charity gaming conducted by these additional licensees doesn't displace spending on charity gaming events held by other organizations, the changes in the bill could lead to a marginal increase in revenue from charity gaming license fees and the charity gaming excise tax.

Background Information - Comprehensive License: The bill establishes the license for Indiana affiliates of certain national organizations or national foundations. A national organization or national foundation could obtain a single comprehensive license which would apply to all of its affiliates in Indiana. Under the comprehensive license, the Indiana affiliates could conduct bingo, charity game nights, raffles, door prize events, and festivals, and could sell pull tabs, punchboards, or tipboards at these events.

The bill defines a "bona fide national foundation" as an organization that: (1) was founded before 1995; (2) does not own real property in Indiana that is used to conduct allowable events; (3) operates without profit to the organization's members; (4) is a federally tax exempt organization; (5) is related in both its mission and organization to a bona fide national organization; and (6) has provided grants to Indiana organizations in excess of \$50,000 in each of the three years preceding application for the license. The bill defines a "bona fide national organization" as an organization that: (1) was founded before 1995; (2) does not own real property in Indiana that is used to conduct allowable events; (3) operates without profit to the organization's members; (4) is a federally tax exempt organization; (5) has a national membership; and (6) has been continuously in existence in Indiana for at least 3 years. Examples of organizations that might qualify under these definitions are the National Rifle Association, Ducks Unlimited, and the National Wild Turkey Federation. The bill defines an "Indiana affiliate" as: (1) an Indiana chapter of a bona fide national organization that does not own real property used in Indiana to conduct allowable events, operates without profit to the organization's members, and is a federally tax exempt organization; or (2) an association or committee of Indiana residents authorized by a bona fide national foundation to conduct allowable events and other fund raising events for the benefit of the bona fide national foundation.

The license fee schedule for the comprehensive license is the same as for current charity gaming licenses except that the fee would be determined based on the combined adjusted gross revenue from charity gaming of all Indiana affiliates of a national organization or foundation instead of based on the adjusted gross revenue of each Indiana affiliate separately.

Organizational Existence Requirement: The bill reduces from 5 years to 3 years the requirement that an organization be in existence in Indiana to obtain a charity gaming license. This change could increase the pool of Indiana organizations that could qualify for a charity gaming license. It is unknown how many additional organizations could, as a result, apply and be approved for a charity gaming license.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Gaming Commission.

Local Agencies Affected:

Information Sources: Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2011.

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